



Smithsonian Institution



*One of four cheetah cubs born at the National Zoo on November 23, 2004,
with mother, Tumai*

Semiannual Report to the Board of Regents for Fiscal Year 2005

May 2005

INTRODUCTION

This report presents Smithsonian Institution highlights and data for the first half of fiscal year 2005 (October 1, 2004, through March 31, 2005).

PUBLIC IMPACT

VISITS TO THE SMITHSONIAN

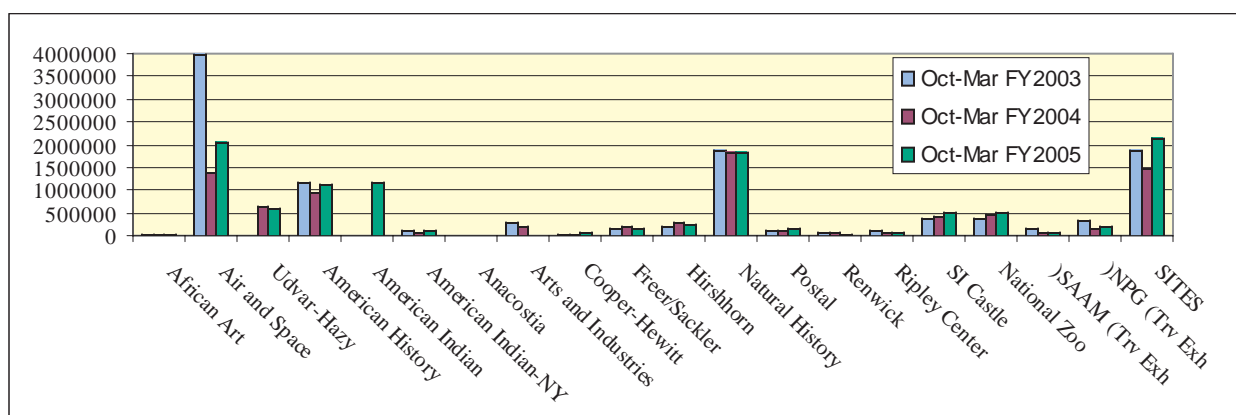
The Smithsonian had a total of 11.4 million visits during the first half of fiscal year 2005: 9.0 million visits to its museums in the Washington, D.C., area and New York City and the National Zoo, and 2.4 million visits to traveling exhibitions organized by the Smithsonian Institution Traveling Exhibition Service, the Smithsonian American Art Museum, and the National Portrait Gallery.

Looking only at visits to Smithsonian museums and the National Zoo, visits in the first half of fiscal year 2005 were 27% higher than the same six-month period of fiscal year 2004. By comparison, mid-fiscal year 2005 visits were 2% lower than fiscal year 2003 and 7% higher than fiscal year 2002 mid-year totals.

The new National Museum of the American Indian on the National Mall, which opened September 21, 2004, had its millionth visitor in March and was the third most-visited Smithsonian museum during this reporting period.

Several museums experienced notable increases in attendance compared to the first half of fiscal year 2004: the National Air and Space Museum (48%), the Smithsonian Castle (19%), the National Postal Museum (18%), the National Museum of American History (18%), and the National Zoo (9%). In New York, attendance at the George Gustav Heye Center of the National Museum of the American Indian rose by 17% and visits at the Cooper-Hewitt, National Design Museum increased by 10%.

Visits to Smithsonian Museums and Traveling Exhibitions
First Half of Fiscal Years 2003, 2004 and 2005



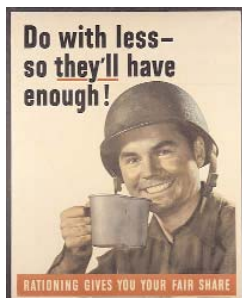
VIRTUAL ATTENDANCE

The increase in visitors navigating the Smithsonian's wide range of online offerings leveled off after several years of 20% to 30% jumps in the number of web visitors. The 51.3 million visitors tallied during the first half of the fiscal year is only slightly more than the 48.1 million web visitors recorded in the corresponding six-month period of fiscal year 2004.

- The Center for Folklife and Cultural Heritage launched **Smithsonian Global Sound** (www.smithsonianglobalsound.org), a virtual encyclopedia of the world's musical traditions that offers digital downloads. The site draws on the archives of Smithsonian Folkways, the International Library of African Music in South Africa, the Archive and Research Center for Ethnomusicology in India, and the Aga Khan Trust for Culture, which will provide material from Central Asia.
- In February, the revamped National Museum of American History web site (www.americanhistory.si.edu) was unveiled, offering the museum's 10 million annual online visitors an improved interface, a searchable collections database, and a visit-planning feature. The Museum also introduced new web sites for the traveling exhibition *Sports: Breaking Records, Breaking Barriers*, the permanent exhibition *The Price of Freedom: Americans at War*, and the **Lemelson Center for the Study of Invention and Innovation**.
- The National Museum of Natural History presented a new web site, **The Dynamic Earth** (www.mnh.si.edu/earth), where visitors can explore the world of gems and minerals, discover the history of the Earth, learn how plate tectonics continually change the face of our planet, and uncover the stories held within planets, moons, and meteorites.
- The Smithsonian American Art Museum's **Ask Joan of Art** online reference service (www.americanart.si.edu/search/search_ajoa.cfm) will receive the American Library Association's 2005 Thomson Gale Award for Excellence in Reference and Adult Library Services, to be awarded at the ALA Conference in Chicago in June.
- **Conservation Central** (www.fonz.org/ConservationCentral), an education web site developed by the National Zoo, Friends of the National Zoo, and Fujifilm, was honored by the National Association for Interpretation with its top award in the "Interactive Multimedia" category in November 2004.
- The Smithsonian Astrophysical Observatory's **Astronomical Data System** (ADS) has begun a collaboration with the online search engine Google to make physics and astronomy research literature available to the general public.
- In January, the Smithsonian Environmental Research Center (www.serc.si.edu) unveiled **Mangal Cay: A Caribbean Mangrove Island Virtual Tour**. Developed by SERC ecologist Ilka Feller with National Science Foundation grant funding, the virtual tour guides visitors through a real mangrove community where they learn about mangrove biology and ecology.
- The National Portrait Gallery's **Outwin Boochever 2006 Portrait Competition** web site was launched (www.portraitcompetition.si.edu). This year's inaugural competition and resulting exhibition will focus on excellence in portrait painting and sculpture.



EXHIBITION HIGHLIGHTS



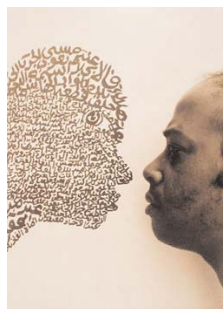
A new permanent exhibition, *The Price of Freedom: Americans at War*, opened on November 11, 2004, in the new Kenneth E. Behring Hall of Military History at the National Museum of American History. The 18,200-square-foot exhibition examines the nation's military battles from the Revolutionary War to the recent conflicts in Iraq and Afghanistan. Among the objects on display are Washington's sword and scabbard; the chairs on which Civil War generals Lee and Grant sat at Appomattox; Colin Powell's uniform from Operation Desert Storm; and a restored UH-1H Huey Helicopter from the Vietnam war.

The National Air and Space Museum launched the **James S. McDonnell Space Hangar** at its Steven F. Udvar-Hazy Center on November 1, 2004. When the Center opened in December 2003, the Space Hangar housed just the Space Shuttle Enterprise.

The Allure of Pearls opened at the National Museum of Natural History on March 18. Twelve of the world's rarest pearls are on display including the Hope Pearl, former partner to the Hope Diamond; the Pearl of Asia, once owned by Shah Jahan, the builder of the Taj Mahal; and La Peregrina, one of the largest and most famous pearls in the world, owned by Elizabeth Taylor.



Gilbert Stuart, co-organized by the National Portrait Gallery and the Metropolitan Museum of Art, was on view in New York City at the Met from October 21, 2004, until January 16, and opened in Washington, D.C., at the National Gallery of Art on March 27. The exhibition highlights a group of portraits of exceptional quality, including Stuart's celebrated portraits of George Washington.



In November, the National Museum of African Art opened ***Treasures*** as the centerpiece of a yearlong celebration marking the Museum's 25th anniversary as part of the Smithsonian. On display are masterpieces from the Museum's collection and special loans from private collections.

Also new at the National Museum of African Art is ***TEXTures—Word and Symbol in Contemporary African Art*** (February 11–September 4), an exhibition in which the interplay of words, images, and space creates visual poetry to convey messages about memory, identity, and the power of language.

Cai Guo-Qiang: Traveler, a two-part installation by one of the most significant artists to have emerged in the last decade, is on display at two Smithsonian art museums through April 24. ***Unlucky Year: Unrealized Projects from 2003-2004***, at the Hirshhorn Museum and Sculpture Garden, displays the artist's visualizations of ambitious projects using large-scale explosives that he was unable to realize.



Reflection, at the Sackler Gallery, features the wrecked hull of a 50-foot-long Japanese fishing boat on an imaginary ocean of shattered porcelain.



Stamps Take Flight opened at the National Postal Museum on March 15, showcasing postal artifacts with air and space themes. Highlights include the famous 1918 "Inverted Jenny," a stamp celebrating John Glenn's 1962 global orbit (designed and printed in secrecy in case the mission failed).

Ana Mendieta, an overview of the Cuban-born artist's career between 1972 and 1985, was on display at the Hirshhorn Museum from October 14, 2004, through January 2, 2005. Organized by Hirshhorn Deputy Director Olga Viso, the exhibition is the first major retrospective of Mendieta's work.



Hella Jongerius Selects: Works from the Permanent Collection (March 4–September 4) is the third installation in an exhibition series at the Cooper-Hewitt, National Design Museum that features influential designers as guest curators. The installation will focus on the Museum's outstanding collection of over one thousand samplers from Great Britain, Europe, and the United States.



Asian Games: The Art of Contest opened at the Arthur M. Sackler Gallery on February 26 and will run through May 7. The exhibition presents finely crafted dice, cards, game tiles, game boards, chess pieces, and other game-playing paraphernalia, as well as paintings, prints, and decorative arts that depict sports and gaming from pre-modern Asia.

In the Realm of Princes: The Arts of the Book in Fifteenth-Century Iran and Central Asia (March 19–August 7), also at the Sackler Gallery, highlights the remarkable artistic achievements of Timurid princes and their Turkoman rivals.



High Fiber (March 11–July 10) opened at the Renwick Gallery of the Smithsonian American Art Museum, illustrating the diversity of contemporary art created with fiber. Objects include quilts, baskets, tapestry, and sculpture.

Two exhibitions showcasing the work of self-taught artists opened at the Anacostia Museum on January 31. ***On Their Own: Selected Works by Self-Taught African American Artists*** displays the wit and daring of artists such as Chris Clark, Simon Jackson, Sam “The Dot Man” McMillan, Mary Proctor, Gregory “Mr. Imagination” Warmack, and Ruby Williams. ***The Art of Charles Smith*** showcases 23 sculptures, ranging from the whimsical to the politically charged, by the Louisiana artist.



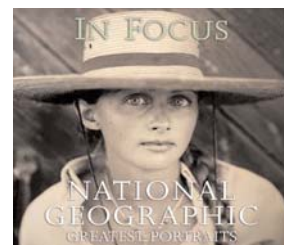
In the Russian Tradition: A Historic Collection of 20th-Century Russian Paintings opened December 15, 2004, in the International Gallery, featuring 50 paintings by 45 Russian artists. Portraits, landscapes, and genre paintings chronicle Russian life over the past 100 years.

Miracles Under the Waves: Photographic Art of Akiyoshi Ito opened on March 2 in the Ripley Center Concourse. On view are 34 of Ito's photographs that reveal the vibrant colors and diverse forms of life in coral reefs. In conjunction with the exhibition, the Smithsonian Asian Pacific American Program presented ***Beyond Coral Reefs***, a program to educate the public about the endangered nature of coral reefs.



Two exhibitions opened in early 2005 at the National Museum of the American Indian's George Gustav Heye Center in New York. ***Mario Martinez: From Tradition to Transcendence***, with works by the Yaqui artist, is the first of four exhibitions planned in the “New Tribe, New York” series. ***George Catlin and His Indian Gallery*** (February 26–September 5), an exhibition created by the Smithsonian American Art Museum, displays over 100 works by George Catlin (1796–1872).

In Focus: National Geographic Greatest Portraits was at the National Museum of Natural History from October 2004 to March 2005. The selection of photographic portraits—taken to present the world's unknown places and populations—records a century's worth of advancements in photography and reflects the changes in attitudes toward cultural and social issues.



An innovative black-footed ferret and black-tailed prairie dog exhibit opened at the National Zoo's Small Mammal House on March 18. The cleverly designed exhibit appears to bring predator and prey together in the same enclosure, but they in fact are separated.

NATIONAL OUTREACH

Smithsonian Affiliations. In the first half of fiscal year 2005, Smithsonian Affiliations signed an agreement with one new Affiliate. There are now 138 Affiliates in 39 states, plus the District of Columbia, Puerto Rico, and Panama. Four Smithsonian museums loaned 50 artifacts to six Affiliates, and more than 270 additional Smithsonian artifacts circulated to nine Affiliate venues via traveling exhibitions.

Smithsonian Institution Traveling Exhibition Service (SITES). In the first half of the fiscal year, 51 SITES exhibitions were presented at 120 locations in 34 states plus the District of Columbia. SITES also put four new exhibitions on the road:

Sports: Breaking Records, Breaking Barriers opened with considerable fanfare on October 9, 2004, at the National Museum of American History. Drawn from the Museum's outstanding collection of sports memorabilia, the exhibition shows how great athletes have shattered cultural, political, and physical barriers, and celebrates their accomplishments.



Diana Walker, Photojournalist, another collaboration with the National Museum of American History, opened on November 13, 2004, at the Arkansas Arts Center in Little Rock, Arkansas.

A third joint effort with the National Museum of American History, **First Ladies: Political Role and Public Image**, opened on November 20, 2004, at the Women's Museum, a Smithsonian Affiliate in Dallas, Texas. The exhibition examines the uniquely American institution of the First Lady and the remarkable individuals who have occupied this post.

Robert Rauschenberg, Artist-Citizen: Posters for a Better World opened on February 12 at the Columbus College of Art in Columbus, Ohio, featuring 20 framed posters produced between 1970 and 1996 that address such issues as apartheid, artists' rights, Earth Day, and nuclear disarmament.

The Smithsonian Center for Education and Museum Studies (SCEMS). The National Association of Elementary School Principals (NAESP) has included the SCEMS publication **Smithsonian in Your Classroom** on its list of eleven "tools you need to engage your community and help all students achieve."

In February, SCEMS organized the Black History Month feature event **Hip Hop and Slam: A Celebration of the Verbal Arts**, which included a live broadcast on Voice of America to an estimated international audience of 10 million.

The annual SCEMS **Smithsonian Teachers' Night** was held on November 5, 2004, at the National Museum of the American Indian. Simultaneous Teachers' Nights were held at five Affiliates located in Oakland, California, Phoenix, Arizona, Omaha, Nebraska, Hutchinson, Kansas, and Spokane, Washington. A total of 4,000 educators attended these events.

The Smithsonian Associates (TSA). In the first half of the fiscal year, TSA conducted 396 programs locally and 12 outside the Washington, D.C., metropolitan area. Programs featured luminaries such as Robert Jarvik, inventor of the artificial heart; Pulitzer Prize-winning author Jared Diamond; world-renowned physicist Stephen Hawking; and musician Skitch Henderson.

The Resident Associate Program's **Discovery Theater** moved to a new location in the Ripley Center in the fall of 2004, where it continues to offer the finest live performances for young audiences.

TSA continues to bring the resources of the Smithsonian to communities outside the Washington, D.C., area. TSA's **Smithsonian Scholars in the Schools** program reached more than 3,500 students and teachers in El Paso, Palestine, and San Antonio, Texas. TSA also presented **CultureFest 2004** in Phoenix and Scottsdale, Arizona, at which eight Smithsonian scholars addressed almost 3,500 people at 45 different venues.

OTHER TRAVELING EXHIBITIONS

Using collections from Hunt Hill Farm, an Affiliate in New Milford, Connecticut, the National Museum of American History and the Office of Exhibits Central partnered with Smithsonian Affiliations to create *Sketch Henderson: A Man and His Music*. The exhibition was displayed in Connecticut as well as at the Smithsonian Castle.

Retratos: 2000 Years of Latin American Portraits, organized by the National Portrait Gallery, the San Antonio Museum of Art, and El Museo del Barrio in New York City, opened at El Museo del Barrio on December 3, 2004. Objects range from works of the ancient Moche of Peru to modern artists like Fernando Botero, Frida Kahlo, and José Guadalupe Posada.



EDUCATION AND PROGRAM HIGHLIGHTS

The National Zoo's Conservation and Research Center in Front Royal, Virginia, held its 8th **Autumn Conservation Festival** on October 2–3, 2004, with over 2,000 visitors. This is the only time of the year that the 3,200-acre research center is open to the public to view such rare and endangered species as red pandas, maned wolves, clouded leopards, and the beautiful Bali mynah.

The National Aeronautics and Space Administration–Smithsonian Astrophysical Observatory Universe Education Forum is partnering with 14 museums and planetariums nationwide to present programs around the 2005 centennial of Einstein's theory of special relativity. The **Inside Einstein's Universe** initiative provides science content support to museum educators, along with educational and visual resources for public programming.

In January, the Smithsonian Environmental Research Center completed a new 18-bed dormitory building, the first phase in its "Green Village" that will provide on-site housing for interns, graduate students, and visiting scientists. In March, with support from the National Science Foundation's Research Experience for Undergraduates program, SERC awarded 30 undergraduate internships, five graduate student fellowships, and 11 postdoctoral fellowships for 2005.

With the help of satellite broadcasting, and in collaboration with Ball State University, the National Museum of the American Indian hosted two live, 90-minute interactive electronic field trips to the Mall museum for over 18 million students around the country on March 22.

On November 17, 2004, the second electronic field trip for the National Museum of American History's *America on the Move* exhibition premiered on cable channels throughout the country, reaching an estimated 1.2 million students. An accompanying downloadable activity kit for teachers guides students in researching and creating narratives based on their own families' histories.

The Smithsonian Center for Latino Initiatives (SCLI) printed 5,000 sets of posters based on its traveling exhibition *Our Journeys/Our Stories: Portraits of Latino Achievement*, which will be

distributed to schools, cultural centers, and museums throughout the country. SCLI also published 5,000 bilingual educators' guides to accompany the exhibition.

The National Science Resource Center's Leadership and Assistance for Science Education Reform (LASER) Center staff met with educators from Thailand to assist them in establishing a science school and creating a teaching and learning center at the Prince of Songkla University in Hat-Yai, Thailand.

The JASON Foundation for Education followed up its 2004 distance learning program "Rainforests at the Crossroads" with **JASON Plus**. Supplementary materials—including research updates, online chats, and additional video footage with Smithsonian Tropical Research Institute host scientists—were available to the more than 30,000 U.S. teachers who participated in last year's program.

OTHER SMITHSONIAN EVENTS

The National Air and Space Museum exhibition *The Wright Brothers & the Invention of the Aerial Age* won the 2005 John Wesley Powell Prize, presented by the Society for History in the Federal Government. The award recognizes excellence in the fields of historical preservation and historical display.

A gift of \$10 million to the National Museum of Natural History by Roger and Victoria Sant will establish the Sant Chair in Marine Science. The **Sant Lecture Series on Marine Science** was launched on February 1, 2005 with a lecture by Jeremy Jackson, a professor at the Scripps Institution of Oceanography and a senior scientist at the Smithsonian Tropical Research Institute.

The National Museum of the American Indian's new film *A Thousand Roads* was shown at the Sundance Film Festival in January and officially premiered at its museum on the Mall in April. This fictional work illustrates the complexity and vibrancy of contemporary native life by following the lives of four native people living in New York City, Alaska, New Mexico, and Peru.

The Smithsonian Institution Libraries (SIL) held its second annual School Librarians and Media Specialists Night on October 20 at the National Museum of American History. More than 100 participants from the Washington, D.C., metropolitan area attended the event, which focused on the SIL exhibition *Chasing Venus: The Transit of Venus 1631–2004* and its accompanying web site.

Five Folkways recordings were nominated for the 2004 Grammys; one of these—*cELLabration: A Tribute to Ella Jenkins*—won in the category of children's music.

COLLECTION HIGHLIGHTS

Four cheetah cubs were born at the National Zoo on November 23, 2004, the first litter in the Zoo's 116-year history. More than 13,000 people visited the Zoo's web site between February 17 and March 17 to vote in a Cheetah Cub-Naming Contest.



Paul Allen formally announced the donation of SpaceShipOne to the National Air and Space Museum at NASM's Trophy Awards Presentation on March 9. The vehicle, a joint venture of Bert Rutan and Paul Allen, made history in October 2004 when it became the first private manned spacecraft to make two suborbital space flights within a two-week period, claiming the \$10 million Ansari X-Prize.

FOCUSED, FIRST-CLASS SCIENCE

SCIENCE DIVISION

The five-member Science Visiting Committee, chaired by Dr. D. James Baker of the Academy of Natural Sciences, held its first meeting in December to discuss progress made on the Science Commission's recommendations and the Science Strategic Plan. The Science Strategic Plan can now be viewed at www.si.edu/research.

Steven Monfort, a research scientist and clinical veterinarian at the National Zoological Park, and Alyssa Gundersen, a John A. Knauss Fellow with a background in marine biology and a graduate degree in social foundations of education, were appointed as rotating scientific advisors in January.

SCIENTIFIC ACHIEVEMENTS

National Air and Space Museum (NASM) Center for Earth and Planetary Studies (CEPS)

- During the first half of fiscal year 2005, CEPS scientists participated on science teams for several planetary missions, including the Mars Exploration Rovers (MER), the MESSENGER mission to Mercury, the European Mars Express, and the Mars Reconnaissance Orbiter.



National Museum of Natural History (NMNH)

- In November 2004, NMNH scientist Marty Buzas was presented with the Paleontological Society Medal, the highest award given by the Paleontological Society, "in recognition of his outstanding career contributions to our knowledge of the paleoecology of foraminifera."
- By applying DNA Barcoding, a team of researchers including NMNH entomologist John Burns has found that the skipper butterfly *Astraptes fulgerator*, considered a single species since it was named in 1775, actually comprises 10 species in Costa Rica's Area de Conservación Guanacaste.



National Zoological Park (NZN)

- NZN, in partnership with the Zoological Park Organization of Thailand, the Nashville Zoo, and the Clouded Leopard Species Survival Plan, is developing a Clouded Leopard breeding program in Thai zoos. Twelve cubs have been born and selected cubs will be imported to the U.S. for genetic augmentation of the North American population. NZN is also working with the Thailand Department of National Parks and WildAid in Khao Yai National Park to assess the numbers of clouded leopards and other carnivores living in the wild.
- The spring season for giant panda mating came early to the National Zoo on March 10, 2005, but natural mating attempts were not successful. On March 11, Zoo scientists and veterinarians performed a non-surgical artificial insemination, with both pandas under anesthesia.

Smithsonian Astrophysical Observatory (SAO)

- SAO's Submillimeter Array telescopes (SMA), located on the summit of Mauna Kea, Hawaii, made the first high spatial resolution images of a star known to have numerous organic molecules in its immediate surroundings.
- SAO astronomers used the Chandra X-ray Observatory to discover the most powerful known eruption in the universe, an outburst underway in the hot gas around an entire cluster of



galaxies. The energy currently involved is comparable to the amount our entire Milky Way galaxy will produce in a billion years.

Smithsonian Center for Materials Research and Education (SCMRE)

- SCMRE senior furniture conservator Don Williams and co-author Louisa Jaggar have written a guide for preserving every family's past and present. *Saving Stuff: How to Care for and Preserve Your Collectibles, Heirlooms, and Other Prize Possessions* will be published by Simon & Schuster in June 2005.
- SCMRE is serving as a liaison in discussions between the 3M Company and NMNH on the possibility of using modern specialty fluids, with lower flammability and toxicity, as a substitute for alcohol in preserving natural history specimens. SCMRE will refine and interpret standards and specifications, advise on experimental design, and interpret chemical and biological data.



Smithsonian Environmental Research Center (SERC)

- In October 2004, SERC joined with Portland State University (PSU) to establish the Aquatic BioInvasion Research and Policy Institute. Led by SERC marine ecologist Gregory Ruiz and PSU aquatic plant ecologist Mark Sitzma, the Institute combines SERC's strength in marine ecosystems with PSU's expertise in freshwater ecosystems.
- In January, SERC marine ecologist Anson Hines presented a paper, "Assessing feasibility of stock enhancement linked to migratory corridors for Chesapeake blue crabs *Callinectes sapidus*," at the International Workshop and Conference on Culture, Fisheries and Stock Enhancement of Portunid Crabs at Iloilo, the Philippines.

Smithsonian Tropical Research Institute (STRI)

- STRI postdoctoral fellow Jose Iriarte's paper "Evidence for cultivar adoption and emerging complexity during the mid-Holocene in the La Plata basin" was published in the December 2004 issue of *Nature*.
- Biostratigrapher Carlos Jaramillo, from Instituto Colombiano de Petróleo in Bucaramanga, was selected to fill STRI's new endowed Chair of Paleobiology, effective April, 2005. Currently, Jaramillo conducts the projects "Paleogene palynology of Colombia, South America: Biostratigraphy, sequence stratigraphy and paleogeography"; "Evolution of the mangrove ecosystem during the Quaternary in the Tribuga Gulf, Choco, Colombia"; and "Tectonics and its role in the evolution of the Andes biota."

MANAGEMENT EXCELLENCE

SMITHSONIAN MANAGEMENT

In the first half of fiscal year 2005, two new directors were selected and two senior leaders left the Institution.

- **Lonnie Bunch** will return to the Smithsonian as the first Director of the National Museum of African American History and Culture, effective July 2005. Mr. Bunch is currently president of the Chicago Historical Society. He had served in various posts at the National Museum of American History, including Associate Director for Curatorial Affairs from 1994 to 2000.
- **Debra S. Ritt** began as Inspector General for the Smithsonian Institution on March 7. Prior to joining the Smithsonian, Ms. Ritt was Assistant Inspector General for the Department of Transportation's Surface and Maritime Programs, and held executive positions at the United States Postal Service Office of Inspector General and the General Accountability Office.

- **Mara Mayor** stepped down as Director of The Smithsonian Associates (TSA) at the end of March. Under Ms. Mayor's 11-year leadership, TSA grew in service, standing, and success, with more than 1,800 local, regional, and international programs, initiatives, and tours offered annually.
- **Edie Hedlin** retired from her position as Director of Smithsonian Institution Archives (SIA) after ten years of dedicated service. Ms. Hedlin oversaw the expansion of SIA reference and records management services; the enhanced role of the National Collections Program; the establishment of the Smithsonian Center for Archives Conservation; and the publication of four volumes of the Joseph Henry Papers.

MAJOR CONSTRUCTION AND RENOVATION PROJECTS

The Smithsonian has over \$1 billion in revitalization and construction projects under way—ten times more than the Institution did in the last decade—and it is getting them all done and paid for.

Patent Office Building

384,000 gross sq. ft.

\$298 million total estimated project and program cost

- The historic Patent Office Building, home to the Smithsonian American Art Museum and the National Portrait Gallery, will reopen in 2006. The project includes renewal of the 168-year-old building and creation of a 346-seat auditorium, open labs and storage areas, and a courtyard enclosure. The physical plant renewal is approximately 63% complete.
- The \$298 million includes \$166 million Federal for revitalization of the original building, \$49 million for the courtyard enclosure and enhancements, and the remainder is for exhibits, programs and support costs. An appropriation of \$44.4 million for fiscal year 2005 completes the Federal funding of the project.
- The final design for the covered courtyard was approved by the Commission on Fine Arts in January.



- *National Museum of American History, Behring Center*

771,000 gross sq. ft.

\$85 million total project and program cost

- Progress in the early stages of a comprehensive renovation/renewal of the National Museum of American History, Behring Center continues.
- The \$85 million includes design and construction costs for infrastructure improvements for the *Price of Freedom* and Star Spangled Banner exhibits as well as costs for exhibit design, fabrication, development, and outreach for the Star Spangled Banner exhibit. The total estimated Federal funding for fiscal years 2003 through 2007 is \$50 million for infrastructure.
- Public Space Renewal. Construction for the first package of improvements to public corridors and space surrounding the third-floor east wing gallery was completed in November 2004. Schematic designs for the entrance pavilions, Flag Hall, the Star Spangled Banner exhibit, and the public spaces on the first, second, and third floors were completed in August 2004. The design development phase for the central north-south core of the Museum will be completed in March 2005; construction is planned to start in September 2005 and will be completed in June 2007.
- A \$785,000 comprehensive master plan is being developed by the architecture firm Skidmore, Owings and Merrill that will provide a roadmap for development of the Museum for the next twenty-plus years.



National Museum of Natural History, Ocean Hall Exhibit

39,000 square feet

\$40.7 million total estimated cost

- The National Museum of Natural History (NMNH) has begun the largest renovation of public space infrastructure in the last 40 years to prepare for the Ocean Hall exhibit. This work is the next major phase of NMNH's renovation master plan. The project involves seven major halls and three retail shops.
- The total estimated cost of the Ocean Hall project is \$40.7 million: \$18.5 million from Facility Capital Federal funding for fiscal years 2002 through 2006, and \$22.2 million from a National Oceanic and Atmospheric Administration grant that has been appropriated and received. The target completion date for the halls' renovation is March 2007, to support the opening of the Ocean Hall exhibition in September 2008.

Museum Support Center, Pod 5

119,500 square feet

\$42.7 million total estimated cost

- Design is complete and procurement is under way for the fifth storage "pod" at the Museum Support Center (MSC) in Suitland, Maryland. Pod 5 will house most of the collections currently preserved in alcohol at the Natural History building and all of the collections presently housed in Pod 3 at MSC. This will eliminate a major safety concern by removing approximately 365,000 gallons of alcohol from non-code-compliant facilities.
- Congress provided the first two of four funding increments—\$10 million and \$6.9 million—in fiscal years 2004 and 2005. Additional funds were requested in the fiscal 2006 and 2007 budgets to complete the project at a total cost of \$42.7 million.

Arts and Industries Building

186,000 gross sq. ft.

- The Arts and Industries Building (AIB) was closed to the public in January 2004.
- \$3.5 million of planning and design funds was spent in 2004. \$23.4 million in the fiscal year 2005 budget will fund the move of programs and staff to alternative facilities, including design and construction work to mothball the building. Design and construction contracts for the relocation of 75% of the staff will be obligated in fiscal year 2005; remaining staff will be moved in fiscal year 2006. The relocation of units to existing Smithsonian facilities and the procurement of new long-term leases have resulted in a projected savings (over previous estimates) of \$10 million in total relocation costs.



National Museum of African American History and Culture

- A total of \$3.9 million of Federal funding was provided in the fiscal year 2005 appropriation for this project.
- The 19 member Advisory Council was announced in December 2004 and the nucleus of a scholarly advisory committee has been formed to assist the Director and the Council.
- The Smithsonian contracted with Plexus Scientific to conduct an analysis of the four potential sites for the museum building. A final report will be issued in October to support the the Regents' site selection process. This task is expected to cost \$790,000.

National Zoological Park

\$111 million total estimated cost for Asia Trail, Phases I and II

- Significant revitalization of the National Zoo's aging facilities began in 2001 with the renovated Fujifilm Giant Panda Habitat.

- The planned Asia Trail, a Federal/private partnership with more than \$12 million in non-Federal funds raised to date, will upgrade nearly 25% of the Zoo. Asia Trail I will provide a renovated home for the giant pandas as well as new homes for the sloth bears, fishing cats, red pandas, giant salamanders, and clouded leopards. Asia Trail II will provide a new home for Asian Small Clawed Otters and will expand and improve space for the Asian Elephants' home to meet contemporary elephant holding standards. Construction of Asia Trail I is nearly 50% complete and on target for completion by summer 2006.
- The total projected cost of Asia Trail I is \$48.4 million, with \$41.6 million in Federal funds. The new elephant facility is projected to cost \$63 million. Included in that projection is the total estimated cost of the otter facility of \$2.9 million, with \$2.0 million in Federal funds.
- The consulting team has been selected and a contract awarded for the Comprehensive Facility Master Plan. Planning began this spring and will be completed in December 2006.



INFORMATION TECHNOLOGY UPDATE

Enterprise Resource Planning (ERP) System-Financials. Much of the work on ERP Financials was directed toward providing additional training, developing customized reports, supporting the year-end close-out process, fixing software bugs, and performing system reconciliations. The Institution also began work on the asset management and complex contracting software modules.

Enterprise Resource Planning (ERP) Human Resources Management System. The first phase of the Human Resources Management System (HRMS) was initially deployed in October 2004. During the initial deployment, units submitted personnel actions to the Office of Human Resources (OHR) electronically.

Telephone System Modernization. During the first half of fiscal year 2005, the Smithsonian continued to modernize its telephone system, having now replaced 65 of the 77 mostly obsolete telephone systems.

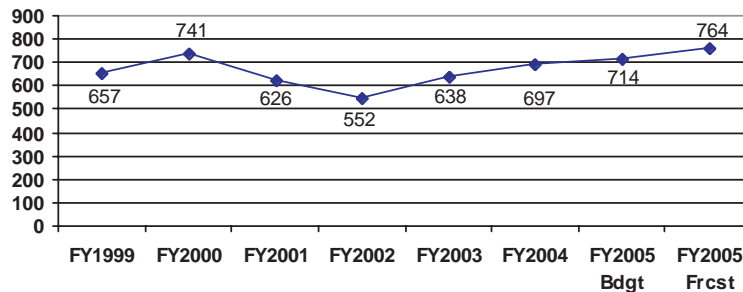
Desktop Workstation Replacement. The Institution began replacing desktop workstations on a four-year life cycle beginning in fiscal year 2004; it replaced 581 obsolete desktop workstations during the first half of the fiscal year.

FINANCIAL STRENGTH

At mid-year, fiscal year 2005 shows signs of being another good year financially. The Smithsonian is largely on track to meet its budget. Philanthropic giving to the Smithsonian continues to be strong. Smithsonian Business Ventures continues to forecast growth in its net gain to the benefit of critical mission areas supported by unrestricted dollars.

The Institution's Endowment has continued to perform well during the fiscal year, outperforming the Institution's policy benchmark. An important bellwether of the Institution's financial health, the Endowment's market value (including additions to the Endowment) is forecast to exceed budget by \$50 million by fiscal year-end. The total return on the Endowment over the last five years (4.2%) has exceeded the market return (2.2%). At year-end, the Endowment is forecast to total \$764 million.

Smithsonian Institution Year-End Endowment Values (\$ in millions)



At fiscal year-end 2005, the Endowment is forecast to total \$764 million, after accounting for the payout, fees and expenses, and additions to the Endowment.

FINANCIAL PERFORMANCE

In final action on the Institution's appropriation for fiscal year 2005, Congress approved less funding than requested and took no action to provide funding for the mandated Federal staff pay raise. In response to this funding shortfall, management imposed a Federal hiring freeze and is engaged in a workforce planning process that will reduce Federal expenses in fiscal year 2005.

Revenues for fiscal year 2005 are forecast to be under budget by \$21 million. The budget variance is due primarily to a decrease in Federal revenues; across-the-board reductions in appropriations imposed by Congress after the budget was prepared; and a slower rate of work performed on contract and grant awards.

Expenses for fiscal year 2005 are forecast to be under budget by \$15 million. This budget variance is due largely to the slower rate of work performed on NASA awards to SAO, and the decrease in spending associated with the across-the-board reductions in appropriations imposed by Congress after the budget was prepared. It also reflects a decrease in spending associated with management efforts to limit spending by imposing both a Federal and Trust hiring freeze and conducting a workforce planning process.

A number of transactions that were not anticipated in the budget contribute to the positive variance in the Institution's forecast. First, the sale of the National Museum of the American Indian's Bronx, New York, warehouse property netted the Institution \$10.3 million. Second, the Institution netted \$3.2 million from the first auction by the National Postal Museum of its revenue stamp collection. Lastly, the Institution forecasts revenue in fiscal year 2005 of \$2.0 million from its plan to assign to a local developer the Institution's "option to purchase" a downtown warehouse in Washington, D.C.

Taken together with the forecast Endowment year-end market value for fiscal year 2005, which reflects the strong performance of the capital markets through the first half of the fiscal year, and a few other minor activities, the Institution forecasts an overall increase in its net worth of \$95 million.

Smithsonian Institution Financial Performance for Fiscal Year 2005

(\$ in millions)

	FY2005 Budget	FY2005 Forecast	Variance To Budget
Revenues	898	877	(21)
Expenses	872	857	15
Endowment Return Reinvested	14	67	53
Other	(8)	8	16
Growth in Net Assets	32	95	63

Revenues and expenses were below budget by \$21 million and \$15 million respectively. Taken together with the Endowment, which outperformed the budget by \$53 million, the Institution's net assets exceeded budget by \$63 million.

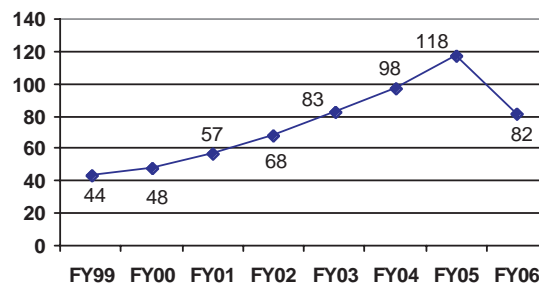
FINANCIAL SUMMARY

The Smithsonian continues to make considerable progress in achieving its stated goals. Funding for revitalization of physical facilities in fiscal year 2005 has achieved an all-time high at \$118 million.

Unfortunately, the Smithsonian's budget for physical infrastructure remains inadequate, and the budget approved by the Office of Management and Budget pending before Congress for fiscal year 2006 proposes to reduce facilities capital funding by 28%. While considerable progress has been made, the budget remains short of the \$150 million per year required to achieve the funding levels called for in the 2001 report of the National Academy of Public Administration (NAPA). Securing adequate Federal funds for the revitalization of the Institution's facilities remains the Institution's most pressing financial challenge.

Funding for Smithsonian Facilities Revitalization (Enacted funding through FY 2005; FY 2006 pending before Congress)

(\$ in millions)



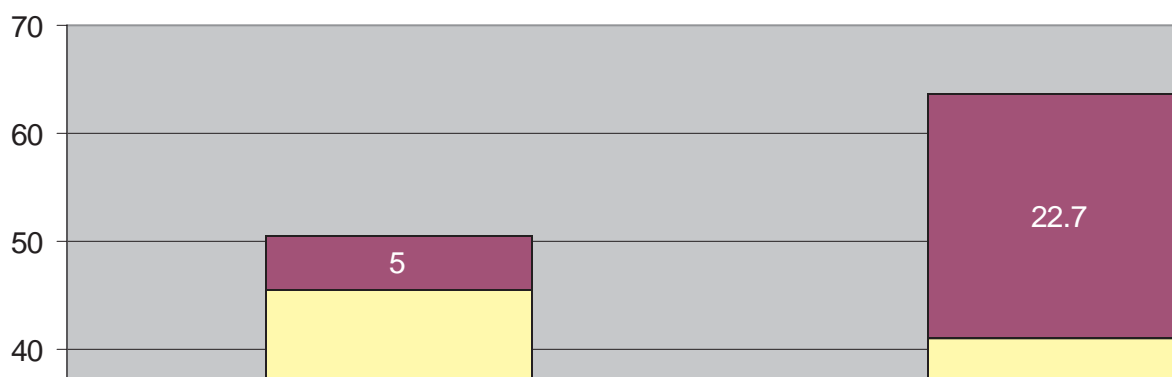
Funding for the revitalization of the Smithsonian's physical infrastructure totals \$118 million in fiscal year 2005, almost tripling in six years. Nevertheless, funding remains short of the \$150 million annual goal. Prospects for needed increases in fiscal year 2006 are slim.

EXTERNAL AFFAIRS

In the first half of fiscal year 2005, the Institution generated \$63.7 million in private support from individuals, foundations, and corporations—26% ahead of last year's total of \$50.5 million for the same period.

The Institution received 12 gifts of \$1 million or more through March 31, totaling \$32.7 million, compared to nine gifts and \$19.7 million one year ago.

First Half of Fiscal Years 2004 and 2005 Fund Raising
(\$ in millions)



Fiscal year 2005's gifts of \$1 million and above to date include:

- \$6 million from the estate of Anne van Biema to the Freer Gallery of Art and Arthur M. Sackler Gallery to fund two endowments previously created by the donor;
- \$6.3 million from the Upton Trust to the Smithsonian Tropical Research Center to endow the Director's position and provide current funds for it;
- \$5 million from an anonymous donor to the National Museum of American History to endow the museum Director's position;
- \$5 million from Roger and Vicki Sant to support the Sant Chair in Marine Sciences at the National Museum of Natural History; this gift is in addition to a previous gift of \$5 million received last fiscal year;
- \$1.9 million from Cessna Aircraft Company to fund the National Air and Space Museum's Explainers program;
- \$1.7 million from the Lemelson Foundation as an education grant for the National Museum of American History;
- \$1.2 million from the Korea Foundation, USA to support the National Museum of Natural History's Korea Gallery;
- \$1.1 million from Morgan Stanley to the National Museum of American History for sponsorship of the exhibition *The Life & Music of Celia Cruz*;
- \$1 million from J. Tomlinson Hill to the Hirshhorn Museum and Sculpture Garden;
- \$1 million from Barbara G. Fleischman to the Archives of American Art to establish the Lawrence A. Fleischman Endowment;
- \$1million from the Glenstone Foundation to the Hirshhorn Museum and Sculpture Garden;
- \$1million from Mr. Steven F. Udvar-Hazy for construction of Phase II of the National Air and Space Museum's Udvar-Hazy Center.

The Contributing Membership continues to show good growth. This fiscal year it has generated more than \$6.7 million in unrestricted funds through late March, 9% ahead of last year's comparable figure of just under \$6.2 million.

The James Smithsonian Society has grown from 358 members at the end of fiscal year 2004 to 425 at the end of March, a 19% increase. Overall giving by members of the Smithsonian National Board through the end of March is \$14.1 million, which includes gifts, pledges, and payments on pledges.

SMITHSONIAN BUSINESS VENTURES

During the first five months of fiscal year 2005, Smithsonian Business Ventures (SBV) generated \$70.9 million in revenues and contributed net gain of \$8.7 million. Net gain results were 7.2% ahead of budget, with the full year forecast on track for overall SBV operations to meet or exceed the \$29.5 million net gain budgeted for fiscal year 2005. SBV performance was impacted by slower-than-projected growth in *Smithsonian* magazine advertising, which was offset by greater-than-anticipated revenue from Museum Retail operations at the National Museum of the American Indian.

Museum retail division revenues were ahead of budget, primarily due to greater than anticipated sales from SBV's new stores and restaurant at the National Museum of the American Indian (actual sales of \$4.3 million were \$2.3 million or 118% over budget).

Major Highlights:

- SBV's continued prospecting for a strategic media partner to fund and operate a Smithsonian branded educational video-on-demand cable and satellite television programming service has resulted in an offer from Showtime Networks. Principal terms have been negotiated and agreed to by Viacom, Showtime's parent company, and the SBV Board. The outcome is subject to the Regents' consent and successful negotiation of definitive agreements.
- The Smithsonian Associates travel tour operation was successfully transferred to SBV and a plan to turn around the financial performance of the operation is being implemented.
- SBV initiated a new strategic partnership in February with HarperCollins Publishers for trade book publishing that enables the Institution to continue Smithsonian Books as a new SBV unit following the closure of Smithsonian Institution Press. Smithsonian Books will collaborate with HarperCollins to publish over 75 co-branded reference titles and 25 original non-fiction trade books annually, with HarperCollins assuming all financial risk.
- The Mitsitam Café at the new National Museum of the American Indian has been both a financial and critical success, receiving numerous culinary awards for its indigenous foods from five Native cultures, most recently as *Saveur* magazine's Favorite Museum Food in their annual list of "Top 100 Foods, Restaurants, and People."
- *Smithsonian* magazine's annual CultureFest, organized in conjunction with The Smithsonian Associates, was held in Phoenix/Scottsdale in November, attracting more than 3,000 participants to over 50 events and venues.
- Other museum initiatives that contributed incremental net gain included opening of the renovated Castle museum store and the new *Price of Freedom* exhibition store, both of which exceeded budget expectations.

